

EXERCISE UNCAP

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EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF DEFENSE MOBILIZATION  
WASHINGTON 25, D. C.

PROGRAM MEMORANDUM X-12  
ANNEX NO. 4 - ATTACHMENT NO. 8  
June 21, 1957

TO HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Testing of Emergency Financial (Plan) System for the executive branch of the Government during Operation Alert 1957

1. Purpose. As part of Operation Alert 1956, agencies were requested to test and comment on the effectiveness of a proposed Emergency Financial System for the executive branch of the Government. The results of that test, while demonstrating that the system was basically sound, did indicate a need for wider dissemination of the draft documents setting forth the system, particularly to the field in order that personnel at that level may have an opportunity to evaluate it during further exercises. The proposed Emergency Financial System, as it is to be used during Operation Alert 1957, is outlined in the attachments. All agencies participating in Operation Alert 1957 will operate under the proposed Emergency Financial System, giving particular attention to its effectiveness at the field and operating level.

2. Assumptions. It will be assumed for the testing of the proposed Emergency Financial System during Operation Alert 1957 that the following attached draft measures represent existing legislation and regulations, as specified:

a. That the "Emergency Financial Act of 1957" has been approved, with these main features:

- Distribution*
- (1) That agencies have legislative authorization to use the funds appropriated to them for the current fiscal year, together with carryover balances.
  - (2) That agencies which find themselves without enacted appropriations at the time of the "attack" emergency use the amounts of money requested for them in the budget or in amendments to the budget or supplemental budget requests.
  - (3) That the Director of the Bureau of the Budget has authority delegated to him by the President to transfer funds between agencies and appropriations for emergency use.
  - (4) That a special appropriation in the amount of \$100 million has been authorized to be made to the President (and is available as indicated under 2b below) for the funding

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of emergency activities, such as the operations of new emergency agencies.

- (5) That in the use of these funds agencies are free from any restrictions otherwise applicable, except those specified under the "Emergency Financial Act of 1957."
- (6) That the agencies are required to establish suitable procedures for the control of funds and to keep adequate fiscal records.

b. That the act making available an appropriation of \$100 million to the President to cover "Emergency Expenses of National Defense" has been approved for use in funding the operations of emergency activities.

c. That "Executive Order No. D-192" providing for the carrying out of the "Emergency Financial Act of 1957" has been issued.

d. That Bureau of the Budget "Circular No. D-192-A on the Emergency Financial System -- Procedures for financing essential functions of Government during a national emergency" has been issued.

e. That General Accounting Office "Emergency Accounting Principles and Standards" have been issued.

3. General instructions. The following instructions will govern the testing of the proposed Emergency Financial System:

a. All agencies participating in Operation Alert 1957 will take all necessary steps to apply the proposed Emergency Financial System, including issuance of such exercise regulations as are necessary to carry out the provisions of Executive Order No. D-192, provision of pre-emergency advice, determining of allotments, or prescribing of guidelines to permit independent action by field establishments as emergency conditions may dictate.

b. Each agency will make a suitable record of such actions as it takes during Operation Alert 1957 and of any unresolved problems encountered in the course of such actions.

c. Each agency will prepare a report of its evaluation of the proposed Emergency Financial System from its experience during Operation Alert 1957, giving particular attention to field operations, and transmit this report to this Office on or before August 1, 1957.

*M. H. Silverthorn*

M. H. Silverthorn  
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Assistant to the Director  
for Plans and Readiness

Attachments

For further information, contact: Mr. W.H. Ziehl, Bureau of the Budget, Executive Office Building, Room 243, Code 146, Extension 565.

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PROPOSED  
EMERGENCY FINANCIAL SYSTEM  
FOR  
THE EXECUTIVE BRANCH

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AN ACT

AUTHORIZING FINANCIAL PROVISION FOR THE CONTINUANCE  
OF ESSENTIAL GOVERNMENT FUNCTIONS DURING A PERIOD OF  
NATIONAL EMERGENCY, AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Financial Act of 1957."

Sec 2. The authorities conferred in this Act shall apply, and be confined, to the period of any emergency which the President by proclamation, or the Congress by concurrent resolution, may declare to exist after an attack upon the continental United States has occurred.

Sec. 3(a). For purposes of carrying out essential functions during the emergency, each agency is authorized to use all of its current-year funds and carryover balances.

(b). In case the emergency occurs after transmission by the President of his budget to Congress but before Congress has enacted the appropriations to meet the agency's needs for the next fiscal year, there is herewith appropriated and made available for immediate obligation to each agency having essential functions, in addition, the total requested for it in the budget or in amendments to the budget or supplemental budget requests. If at the time of the emergency Congress has enacted the appropriations to meet the agency's needs for the next fiscal year, the agency is authorized immediately to use those appropriations, in addition to its current-year funds and carryover balances.

(c). All such funds as well as any other funds made available under this Act shall be available (1) also to finance necessary activities in connection with the liquidation or deferment of functions which are non-essential during the emergency, and (2), when so authorized by the President, without regard to existing laws controlling or regulating the obligation and expenditure of public funds or relating to fiscal limitations or procedures, as may be necessary to carry on essential functions during the emergency; provided, that accountable officers shall be held financially responsible only for loss or misuse of funds resulting from bad faith or lack of due care.

Sec. 4. The President is authorized to transfer between agencies and appropriations such appropriation and fund balances as may exist, including the additional amounts authorized or appropriated in this Act, which in his judgment can be spared by the agency having such balances.

Sec. 5. To meet the needs of the emergency, an appropriation in the amount of \$100 million is hereby authorized to be made to the President for

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the purpose of providing such additional funds as may be necessary for the funding of emergency activities such as the operations of new emergency agencies. The President is authorized to allocate funds appropriated under this Act for the purpose of carrying out essential functions during the emergency.

Sec. 6. Funds appropriated under this Act or made available by or under it shall remain available for any particular function for fifteen days after enactment into law of any definite appropriation available for that function or of any other definite financial provision for that function.

Sec. 7. The President shall establish and cause to be maintained an Emergency Financial System for the executive branch of the Government, consistent with emergency accounting principles and standards established under section 8, which may provide for fiscal operations to be conducted without regard to existing laws controlling or regulating the obligation or expenditure of public funds or relating to fiscal limitations or procedures, as may be necessary to carry on essential functions during the emergency, and funds or authorizations made available by or under this Act and prior to the emergency may be obligated or expended in accordance with such a system; provided, that accountable officers shall be held financially responsible only for loss or misuse of funds resulting from bad faith or lack of due care.

Sec. 8. The Comptroller General of the United States shall prescribe emergency accounting principles and standards.

Sec. 9. The President may authorize the Secretary of the Treasury to exceed the limitation on obligations issued under the Second Liberty Bond Act of September 24, 1917, as amended (31 U.S.C. 757b), after any declaration of emergency and until such time as the Congress may by law enact a new limitation.

Sec. 10. The President shall (a) prescribe such regulations and (b) make such delegations of the authorities conferred upon him by this Act as may be necessary to carry out its provisions.

Approved . . . . .

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AN ACT

Making appropriations to the President for emergency expenses of National Defense for the fiscal year ending June 30, 1958, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, namely:

FUNDS APPROPRIATED TO THE PRESIDENT

Emergency Expenses of National Defense

For expenses necessary to enable the President to carry out the provisions of the Emergency Financial Act of 1957, approved ....., such sums not exceeding \$100 million as may be required, to remain available until expended.

This Act may be cited as the "Emergency Appropriation Act for 1958."

Approved .....

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EXECUTIVE ORDER

No. D-192

PROVIDING FOR THE CARRYING OUT OF THE  
EMERGENCY FINANCIAL ACT OF 1957

By virtue of the authority vested in me by the Emergency Financial Act of 1957, approved ..... (\_\_\_ Stat. \_\_\_) and by section 301 of title 3 of the United States Code, as President of the United States, and for the purpose of establishing an Emergency Financial System to provide for the continuance of essential Government functions during a period of national emergency and otherwise providing for the carrying out of this Act, it is ordered as follows:

Section 1. The head of each executive agency is authorized and directed to:

- (a) Establish and maintain to the extent practicable within the framework of existing systems for the accounting, reporting, and control of funds, emergency procedures designed to permit and otherwise facilitate the conduct of operations necessary to carry on essential functions of the Government during a period of national emergency. The emergency procedures shall provide for, but need not be limited to:
  - (1) Appropriate delegations of authority to insure timely and necessary authorizations for the obligation, expenditure, and disbursement of funds.
  - (2) The conduct of operations, as the situation may warrant, without regard to laws or regulations controlling or regulating the obligation and expenditure of public funds or relating to fiscal limitations or procedures except such as may be made specifically applicable to emergency conditions, but without waiving the requirement of good faith and due care on the part of the officer or employee conducting the operations.
  - (3) An understanding by each officer or employee to whom is or will be delegated responsibility for authorizing obligations or expenditures or for disbursement of funds, or by any other accountable officer that he shall, in the best interests of the Government, exercise initiative and local self-reliance in the carrying out of his responsibilities where it is impracticable or impossible to follow prescribed procedures. Under such conditions the officer or employee involved shall be held accountable only in cases resulting from bad faith or lack of due care.

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- (4) Meeting the complexities of operating conditions in attack areas where the need for emergency fiscal procedures will be pronounced.
- (b) In time of emergency, incur such obligations and make such expenditures from appropriations or funds available to the agency of which he is the head as may be necessary to carry on essential Government activities, both military and civilian, and including functions of newly established emergency agencies. When made in good faith and in the exercise of due care such obligations and expenditures shall be without regard to laws or regulations controlling or regulating the expenditure of public funds or relating to fiscal limitations or procedures, except those made specifically applicable to emergency conditions.

Section 2. The Director of the Bureau of the Budget is hereby authorized and directed to transfer between agencies and appropriations, as necessary, such appropriation or fund balances as may exist, including the additional amounts authorized or appropriated in the Emergency Financial Act of 1957, which in his judgment can be spared by the agency having such balances, and in addition to allocate to the head of each executive agency from the Emergency Expenses of National Defense Appropriation such amounts as are required to finance functions of Government determined to be essential. The use of such funds shall subsequently be adequately reported and explained to the President through the Director of the Bureau of the Budget, on the basis of an examination of agency reports, in terms of the essentiality of the activities and programs carried on for the purpose of the emergency.

Section 3. The Secretary of the Treasury, without regard to laws other than the Emergency Financial Act of 1957 and without regard to regulations pertaining to such matters except such as may hereafter be made specifically applicable to emergency conditions, is authorized and directed to establish and maintain an emergency financial reporting system. The system shall provide, on a practicable basis, for the reporting on the financial condition and operations of the Government under emergency conditions, including such information as may be required for the control of the receipts, expenditures, and financing of the Government.

Section 4. The Director of the Bureau of the Budget in respect of sections 1 and 2 of this order, and the Secretary of the Treasury in respect of section 3 of this order, are hereby designated and empowered to perform, without the approval, ratification, or other action of the President, the functions vested in the President by sections 4, 5, 7 and 10(a) of the Emergency Financial Act of 1957.

THE WHITE HOUSE

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CIRCULAR NO. D-192-A

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Emergency Financial System - Procedures for financing essential functions of Government during a national emergency

1. Purpose. The Congress has enacted the Emergency Financial Act of 1957, which provides for the continuance of essential Government functions during this period of national emergency and the Emergency Appropriation Act for 1958, which appropriates funds for this purpose. The President, by Executive Order No. D-192 has authorized and directed the heads of executive agencies, the Director of the Bureau of the Budget, and the Secretary of the Treasury to issue appropriate regulations to establish and administer an Emergency Financial System.

Under this authority, this Circular prescribes rules and regulations for financing essential Government functions during such emergency and for making certain reports.

2. Scope. The regulations set forth herein apply to all departments and agencies of the executive branch of the Government engaged in essential functions, including government corporations and those activities financed from revolving and management funds. These essential functions include the liquidation or deferment of nonessential functions and the financial responsibility for personnel on the rolls awaiting disposition by termination or transfer to essential functions, as well as any additional emergency functions.

These regulations cover the financing of emergency functions, but do not provide basic authority for the conduct of such functions. Emergency functions carried out by an agency must be authorized in basic legislation or must be based on delegated authority from the President, the Director of Defense Mobilization, the Federal Civil Defense Administrator, or other officials authorized to make such delegation.

3. Initiation of instructions. These procedures take effect when an emergency resulting from an attack upon the continental United States has been declared by the President or by the Congress. All other Bureau of the Budget regulations and procedures relating to annual or supplemental estimates, requests for allocations, and apportionments are automatically set aside unless or until specifically reinstated. Further instructions will be issued from time to time as circumstances warrant.

4. Financing of essential functions.

a. General. To the extent authorized by the head of the agency, all pre-emergency appropriations or other funds (including authority to expend from debt receipts, contract authorizations, and similar

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sources) and all other funds which automatically become available under the Emergency Financial Act of 1957 for a particular agency are available without regard to any pre-emergency restrictions upon their use.

Each essential function will be financed from unused funds on hand or from funds which automatically become available under the Emergency Financial Act of 1957 when the emergency is declared. Once it is determined that these funds are exhausted or insufficient or when information is not available about the amount or existence of such funds, additional funds may be used or obtained as outlined below.

Lack of funds or lack of knowledge of the availability of funds shall not prevent the incurrence of obligations or expenditure of funds deemed necessary to be made immediately. However, these obligations and expenditures must not exceed the minimum necessary for carrying out essential functions and for the protection of life and property. The Bureau of the Budget will transfer or allocate funds as may be necessary to cover these obligations and expenditures.

b. Steps necessary to secure authorization to use immediately available funds, emergency funds, or appropriations enacted during the emergency. As soon as possible after the declaration of the emergency, a financial schedule should be prepared covering the use made or proposed to be made of available funds. This schedule will be used also to secure additional funds when necessary and to secure authorization for the use of any appropriations enacted by the Congress during the emergency.

Agency reports will include activities delegated by the Director of Defense Mobilization, the Federal Civil Defense Administrator, or other officials authorized to make delegations. It will not be necessary to report such delegated activities separately from other agency activities.

Government corporations and agencies having revolving and management funds will request additional funds only when anticipated income and available working capital are not sufficient to finance their essential functions.

c. Expirations and withdrawals. Where a definite appropriation is enacted or definite financial provision is made otherwise for any such essential function, unobligated emergency funds then in effect will automatically expire at the close of business fifteen days after the act becomes effective, unless otherwise provided by the act. Any allocation made from emergency funds later determined to

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be in excess of actual requirements is subject to withdrawal by the Bureau of the Budget.

5. How to prepare financial schedule.

a. General. A schedule similar to the attached form (Exhibit A) will be submitted for each appropriation or fund account or, if these are unknown, for each operating unit carrying on an essential function, together with a schedule consolidating the data for the entire agency when practicable. This schedule will serve the dual purpose of providing data on the operation of the function or functions and of requesting authorization for financing future operations. The schedule will be used also to secure authorization for use of any appropriation enacted by the Congress during the emergency.

Use of the schedule supplants all Bureau of the Budget instructions and forms relating to submission of estimates, requests for allocations and apportionments, and reports to be made that were in effect prior to the emergency. As the situation warrants the Bureau of the Budget will notify the agencies of the reinstitution of pre-emergency regulations.

The reports should be prepared from the best records or information available at the time of preparation. Should circumstances caused by the emergency make it impossible to use actual amounts, the best estimates possible will be used (the method used in estimating should be noted on the form). If it is impossible to report complete data, the scope or extent of missing information should be indicated. Estimates should be adjusted to actual amounts and complete data should be included as soon as feasible.

Where functions are transferred between agencies, the receiving agency will request the required funds and report on the status of such funds; no fund transfers will be made between agencies unless specifically authorized by the Bureau of the Budget.

b. Timing. The schedule must be submitted to the Bureau of the Budget as soon as possible after the declaration of the emergency in order that, when necessary, funds or authorizations may be obtained without delay. Thereafter a schedule should be submitted for the end of each month, to be in the hands of the Bureau of the Budget not later than 30 days after the close of the month, even when no additional funds are needed. These monthly schedules will also be used to request additional funds or authorization as of the end of each calendar quarter. Special submission may be made as soon as possible after any unforeseeable need arises.

Requests for use of new appropriations enacted for the emergency will be submitted within fifteen days or as soon as practicable after enactment of the appropriation.

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c. Copies required. An original and two copies will be submitted. If possible all schedules for a department, agency, or similar organizational entity will be forwarded together, along with a schedule consolidating the data for the entire department, agency, or organizational entity.

d. Signature. The head, acting head, or duly designated representative of each department or agency shall sign the original of the first sheet of the submission. Signatures on other sheets and copies may be affixed by stamp, typing, or other means.

6. Bureau of the Budget actions. The Bureau of the Budget will insert on the proper lines the amount authorized for use and the amount of emergency funds transferred or allocated. At the time of authorization, the Bureau of the Budget will forward the original of the schedule to the agency concerned and one copy to the Treasury Department, retaining the other copy for its records.

7. Justification of funds or authorization requested. The funds or authorization requested should be supported by a narrative justification setting forth needs classified by essential functions.

To the extent possible the justification should be directed to each of the activities involved in carrying out an essential function, as set forth by the Office of Defense Mobilization (Exhibit B), and should include variations from peacetime operation, backup data on personnel, object classification of obligations, and the organizational units engaged in carrying out the function. Any new essential functions undertaken should be fully explained, and the agency, appropriation, fund, or allocation previously responsible should be identified.

Where feasible, and as soon as possible, it should also be indicated how the liquidation or deferment of nonessential functions has lessened the financial requirements of the agency, including data on employees charged to the agency before the emergency who have been terminated or transferred as excess of requirements.

8. Explanation of entries in schedule.

1. Amounts available at beginning of period. Enter the amount of unused funds available for obligation at the start of the emergency. Wherever practicable, agencies reporting on revolving and management funds will report on an obligation basis, using a consistent concept for amounts available, received, used, and required. Where an agency cannot supply obligation figures, the report should be on an accrued expenditure basis. If this is not feasible, a cash expenditure basis will be acceptable. Indicate in spaces provided which basis is used. In the "estimate" column enter the amount shown on line 6 in the "actual" column.

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1a. Amounts becoming automatically available with the emergency. Enter the amount of funds which automatically become available under the Emergency Financial Act of 1957, following generally the instructions under 1 above.

2. Amounts received during the emergency. Represents the cumulative total of (a) the amounts of emergency funds transferred or allocated by the Bureau of the Budget, less any amounts expiring as a result of congressional or Bureau of the Budget action; (b) the amounts of appropriations enacted by Congress during the emergency; and (c) any transfers or reimbursements. In the "estimate" column enter transfers or reimbursements anticipated. For revolving and management funds include also receipts from operations.

3. Total available. The sum of lines 1, 1a, and 2.

4. Amounts used (-) (applicable to "actual" column only). The amount of obligations incurred. This consists of the value of purchase orders, contracts, and other legal commitments made for procurement of goods and services, whether paid for or not.

5. Proposed use during reporting period (-) (applicable to "estimate" column only). The amount of obligations or commitments estimated to be incurred during the reporting period.

6. Amounts available at end of reporting period. In the "actual" column line 3 minus line 4. In the "estimate" column line 3 minus line 5. In either case if line 3 is less than line 4 or 5, show as minus (-). This item in the "actual" column will always be carried forward as line 1 in the "estimate" column.

7. Additional amount required (applicable to "estimate" column only). Enter the amount of any negative figure (-) shown on line 6, otherwise enter zero.

8. Use by emergency function. Enter functional code and classification of the essential functions of the agency (Exhibit B), and the applicable amounts used or proposed for use. The total of the amounts shown in the "actual" and "estimate" columns must equal the amounts reported on lines 4 and 5, respectively.

9. Authorized for use. This line will be used by the Bureau of the Budget to authorize the use of amounts under emergency authority in excess of amounts available. In the "estimate" column this line will be the amount the Bureau of the Budget authorizes for the agency's operations during the reporting period.

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10. Amount allocated. Will be used by the Bureau of the Budget to allocate emergency funds for the agency's use. It will indicate the source by appropriation title or symbol and will normally be the amount shown on line 7 if the Bureau is granting the agency's request.

9. Column headings.

1. "Actual" column. Show the date emergency was declared (From) and the date of the end of the period being reported on (To), which will normally be the last day of a calendar month.

2. "Estimate" column. Show the date of the day following the end of the period reported on in the actual column (From) and the date of the end of the period covered by the estimate (To), which will normally be the last day of the ensuing calendar quarter.

10. Liquidation of contract authority. In using the form for reports on obligations incurred under contract authorizations and for requests for cash to liquidate them, the amounts shown on the various lines of the schedule will be "cash" available, used, and needed. If the same account has unused contract authorizations or appropriations available for obligation, two separate forms will be submitted, one for the obligational authority and the other for "cash."

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Exhibit A

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## FINANCIAL SCHEDULE

Agency \_\_\_\_\_ Bureau \_\_\_\_\_

APPROPRIATION OR FUND TITLE AND SYMBOL \_\_\_\_\_

For revolving and management funds only, indicate re- porting basis used: <input type="checkbox"/> Obligation <input type="checkbox"/> Accrual <input type="checkbox"/> Cash		Actual From _____ To _____	Estimate From _____ To _____
1. Amounts available at beginning of period .....			
1a. Amounts becoming available with emergency .....			
2. Amounts received during the emergency .....			
3. Total available .....			
4. Amounts used (-) .....			xxx
5. Proposed use during reporting period (-) .....		xxx	
6. Amounts available end of reporting period .....			
7. Additional amount required .....		xxx	
8. Use by emergency function			
Code	Function		
Total use by function			
Submitted _____ (Authorized Officer) (Date)			
ACTION BY BUREAU OF THE BUDGET			
9. Authorized for use .....			
10. Amounts allocated .....		xxx	
Approved by _____			
Date _____			

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Exhibit B

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ACTIVITY CLASSIFICATION OF ESSENTIAL GOVERNMENT  
EMERGENCY FUNCTIONS

- I. EXECUTIVE DIRECTION AND MANAGEMENT
- II. MILITARY FUNCTIONS
- III. FOREIGN POLICY AND FOREIGN AFFAIRS
- IV. PUBLIC ORDER AND INTERNAL SECURITY
- V. (Reserved for future assignment)
- VI. (Reserved for future assignment)
- VII. ECONOMIC WELFARE OF CIVIL POPULATION
- VIII. NATIONAL CIVIL TRANSPORTATION
- IX. NATIONAL CIVIL COMMUNICATIONS
- X. LABOR AND MANPOWER
- XI. NONAGRICULTURAL PRODUCTION AND RESOURCES MANAGEMENT
- XII. AGRICULTURAL AND FOREST PRODUCTS MANAGEMENT
- XIII. MONEY AND CREDIT
- XIV. HOSPITALS AND PUBLIC HEALTH
- XV. COMMUNITY SERVICES AND FACILITIES
- XVI. GOVERNMENT ADMINISTRATIVE AND TECHNOLOGICAL SERVICES
- XVII. RESIDUAL FUNCTIONS
- XVIII. MISCELLANEOUS AND COMPLEX MULTIPLE FUNCTIONS

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PROPOSED GENERAL ACCOUNTING OFFICE

EMERGENCY ACCOUNTING PRINCIPLES AND STANDARDS

Executive Order No. D-192 provides for the establishment of an Emergency Financial System to provide for the continuance of essential Government functions during a period of national emergency.

The Emergency Financial Act of 1957 provides that the President shall establish, on a stand-by basis, and maintain in readiness, an Emergency Financial System for the United States Government, consistent with emergency accounting principles and standards prescribed by the Comptroller General.

Insofar as accounting principles and standards are concerned, each agency should attempt to follow the accounting principles and standards prescribed by the Comptroller General in Accounting Principles Memorandum No. 1, dated November 26, 1952, and any revisions issued thereto, to the extent that it is practicable and feasible. Accounting systems as approved by the Comptroller General should be maintained during any emergency to the fullest extent practical.

Responsibility for establishing and maintaining the emergency financial system of each executive agency rests with the head of the agency. Each emergency accounting system should provide a reliable record, stated in monetary terms, of the operations covered by it and accounting control of revenues and income, expenditures, assets, and liabilities as well as appropriations under regular acts of Congress and the "Emergency Financial Act of 1957." Each agency should be able at least to perform the accounting required to meet the minimum needs of management for information on funds, inventories, real property, and other assets entrusted to its care. Furthermore, provision should be made for an adequate recording and documentation of liabilities incurred.

Although the accounting principles and standards prescribed by the General Accounting Office in Accounting Principles Memorandum No. 1 provide, in most circumstances, for the use of financial accounting of property, it may be necessary to vary from this under emergency conditions. With respect to inventories and other assets turned over to combat forces or used for emergency purposes, dollar accounting for such inventory may be dispensed with by the combat forces or the emergency agency, but reasonably adequate quantitative records should be maintained to disclose the disposition of such assets.

The accounts should be kept in such detail as is necessary to meet the minimum agency needs and should be so designed as to be capable at least of furnishing information subsequently as to the use made of the funds and other assets utilized during the emergency. Adequate provision should be made for technical supervision and, to the extent possible, for interlocking accounting relationships between offices to assure the validity of consolidated agency reports.

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Transactions should, to the extent possible, be supported by documentary evidence and should be so recorded that they can be traced from the original documents to records and from the latter to the limited financial statements that would be prepared during an emergency. The form of documentary evidence can be such as may be dictated by the circumstances.

It should be recognized that in any emergency of the character herein contemplated, first efforts would be directed to the care and safety of the nation and its people, and that accounting and fiscal records, while necessary and important, would be of a secondary concern. For this reason, all accounting procedures should be designed so as to provide accounting control over all assets and liabilities and be sufficiently adequate to reflect the discharge of accountability which will be required at the end of the emergency.

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**TAB**